



NEVADA LEGISLATURE
LEGISLATIVE COMMITTEE ON ENERGY
(*Nevada Revised Statutes [NRS] 218E.805*)

SUMMARY MINUTES AND ACTION REPORT

The fourth and final meeting and work session of the Nevada Legislature's Legislative Committee on Energy was held on Friday, July 25, 2014, at 9 a.m. in Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. The meeting was videoconferenced to Room 2135 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. A copy of this set of "Summary Minutes and Action Report," including the "Meeting Notice and Agenda" ([Exhibit A](#)) and other substantive exhibits, is available on the Nevada Legislature's website at <http://www.leg.state.nv.us/interim/77th2013/committee/>. In addition, copies of the audio or video record are available through the Legislative Counsel Bureau's Publications Office (e-mail: publications@lcb.state.nv.us; telephone: 775/684-6835).

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Senator Kelvin Atkinson, Chair
Assemblywoman Marilyn Kirkpatrick, Vice Chair
Senator Aaron D. Ford
Senator Michael Roberson
Assemblyman David P. Bobzien

COMMITTEE MEMBER ABSENT:

Assemblyman Cresent Hardy

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Marji Paslov Thomas, Principal Research Analyst, Research Division
Dan Yu, Principal Deputy Legislative Counsel, Legal Division
Janet Coons Senior Research Secretary, Research Division

OPENING REMARKS

- Chair Atkinson called the meeting to order. He welcomed Committee members, staff, and the public to the fourth and final meeting and work session of the Legislative Committee on Energy. Chair Atkinson explained the protocol for public comments and explained the process for the Committee's work session. He noted that a bill draft request (BDR) is only a request and not all the recommendations in the "Work Session Document" (WSD) will result in a BDR. (Please see [Exhibit B.](#))

PUBLIC COMMENT

- Ardelle Bellman, private citizen, Las Vegas, expressed her concern that NV Energy is "double-dipping" by charging its "opt-out" customers a "nonstandard meter charge." (Please see [Exhibit C.](#))
- Janette Dean, private citizen, Washoe Valley, Nevada, thanked the Committee for its work on important energy issues in Nevada and shared her support for further energy solutions to lessen climate change. (Please see [Exhibit D.](#))
- Angel Defazio, private citizen, Las Vegas, provided comments via teleconference. Ms. Defazio verbalized her opinion that the Public Utilities Commission of Nevada (PUCN) and the Bureau of Consumer Protection in the Office of the Attorney General should be in control of energy efficiency levels in the State and not the Southwest Energy Efficiency Project, known as SWEEP.
- Elspeth DiMarzio, Sierra Club representative, Las Vegas, commented on the importance of developing energy-efficient measures in the State and submitted a nine-page petition ([Exhibit E](#)) representing citizens who support energy efficiency as well as the implementation of an energy efficiency resource standard in Nevada.
- Kevin Dick, President, EnergyFit Nevada, Reno, Nevada, said since 2011, with funding provided by the United States Department of Energy, EnergyFit Nevada has worked with Nevada's Office of Energy to develop infrastructure and deliver the EnergyFit Nevada Home Performance with ENERGY STAR program. He discussed the program's benefits and its quality assurance program that employs qualified contractors who assist homeowners in upgrading their homes to become healthier, more comfortable, and energy efficient. Mr. Dick urged the Committee to submit a BDR to enact legislation that would continue to fund the Home Performance with ENERGY STAR program in the State. (Please see [Exhibit F.](#))
- Peggy Shaner, private citizen, Las Vegas, expressed her support for further funding from the State for the Home Performance with ENERGY STAR program.
- Peter Stanton, private citizen, Reno, voiced support for the first two recommended BDRs in the WSD ([Exhibit B](#)) and said he was at the meeting to address the

interdependence of these BDRs and the importance of legislating the rate of return in a decoupling system. Mr. Stanton opined, from a financial perspective, establishing energy efficiency resource standards enable lower energy costs instead of increasing generation capacity.

- Lesley Greninger, Home Comfort Specialist, Energy Master, Reno, spoke in support of the fourth BDR in the WSD that proposes to modify existing law regarding the regulations of energy auditors relative to Chapter 645D (“Inspectors of Structures and Energy Auditors”) of *Nevada Revised Statutes* (NRS). (Please see [Exhibit G.](#))
- Neal Van Citters, Quality Assurance Director, EnergyFit Nevada, Reno, addressed financial support for EnergyFit Nevada and requested that the Legislature make changes to existing legislation regarding energy auditors and energy auditing. (Please see [Exhibit H.](#))
- Hervé Mazzocco, Ph.D., President and Founder, RA Energie, Inc., Las Vegas, acknowledged he is associated with several of the groups attending the meeting; however, his remarks would be on behalf of himself. Dr. Mazzocco said he supports increasing the allocation for distributive generation (DG), and one way to ensure the value of DG for all parties is the fair valuation of renewable energy credits. He opined Nevada’s utility companies should not purchase renewable energy credits from other states or from aged plants, because this approach discourages developing clean energy generation in Nevada and limits the opportunity to increase tax revenues through keeping business transactions within the State.
- Fred Voltz, private citizen, Carson City, expressed concern that a large problem has been created with all the subsidies energy ratepayers are funding for projects described in Assembly Bill 428 (Chapter 510, *Statutes of Nevada 2013*). Mr. Voltz opined that despite the well-meaning provisions of A.B. 428, a sufficient number of low-income residents will not benefit from the programs intended to target them. (Please see [Exhibit I.](#))
- Shelley Specchio, member, Board of Directors, EnergyFit Nevada, Reno, expressed support for the comments of Mr. Dick. She voiced concern that Nevada may lose the EnergyFit Nevada program and opined it has offered a valuable service by helping homeowners add value to their properties by improving the comfort, health, and energy efficiency of their homes.

APPROVAL OF MINUTES OF THE MEETINGS HELD ON APRIL 7, 2014, AND MAY 19, 2014, IN LAS VEGAS, NEVADA

- The Committee **APPROVED THE FOLLOWING ACTION:**
SENATOR FORD MOVED TO APPROVE THE MINUTES OF THE APRIL 7, 2014, AND MAY 19, 2014, MEETINGS HELD IN LAS VEGAS, NEVADA. THE MOTION WAS SECONDED BY SENATOR ROBERSON

AND PASSED UNANIMOUSLY BY THE COMMITTEE MEMBERS
PRESENT.

PRESENTATION ON THE CAUSE OF NEVADA UTILITY RATE CHANGES SINCE 1985 BY THE PUBLIC UTILITIES COMMISSION OF NEVADA

- Anne-Marie Cuneo, Director of Regulatory Operations, PUCN, presented a Microsoft PowerPoint presentation ([Exhibit J](#)), which highlighted a history of electric rates in Nevada between Nevada Power Company and Sierra Pacific Power Company. Ms. Cuneo noted in order to chart a path forward, it is important to know how the Commission arrived where it is today.

Responding to Vice Chair Kirkpatrick's question regarding the difference in energy consumption between 1985 and current times, Ms. Cuneo confirmed consumption was higher in 1985, but as advancements have been made in more efficient energy-consuming products, the kilowatt-hours have declined. During the 2002 energy crisis, she shared, more electricity was used causing an increase in kilowatt-hours. Since 2002, though, current usage has decreased because of the addition of infrastructure upgrades and the continuing development of energy-efficient appliances and advancements in technologies.

PRESENTATION ON GEOTHERMAL ACTIVITIES IN NEVADA BY ORMAT

- Bob Sullivan, Senior Vice President, Business Development, Ormat Technologies, Inc., discussed his slide presentation ([Exhibit K](#)) regarding geothermal energy and its place in the changing energy market.

Highlights of Mr. Sullivan's testimony included ([Exhibit L](#)):

An Introduction to Ormat

- Ormat has a number of geothermal facilities in Nevada: McGinness Hills Geothermal Power Plant in Lander County; Don A. Campbell Geothermal Power Plant in Mineral County; Galena 3 Geothermal facility, located inside the Steamboat Springs Geothermal area within city limits of Reno; and Desert Peak Geothermal Field in Churchill County.
- If Nevada were a country, it would be ranked eighth in the world for geothermal capacity. Currently, even at that ranking, Ormat is working on approximately 50 development projects across the State.
- Even though the energy market constantly changes, Ormat is able to demonstrate consistent growth in geothermal energy in Nevada, which is due to Nevada's renewable portfolio standard (RPS) enacted by the Nevada Legislature.

Jobs

- Geothermal is not only a clean renewable energy resource without carbon dioxide emissions, but it offers significant economic benefits to the State, including creating more jobs than any other renewable resource.

The Energy Landscape

- The proposed U.S. Environmental Protection Agency regulations will continue to force change in the energy market, as typified by the planned elimination of coal-fired energy in the west.
- Senate Bill 123 (Chapter 490, *Statutes of Nevada 2013*) ties the retirement of coal powered energy plants to renewables. This is significant to a geothermal developer because renewable evaluation is linked to economic development and jobs.
- In the energy market, the cost of solar and wind energy is dropping significantly. This is important because it reflects what is happening throughout the west, and when there are flexible resources—wind, solar thermal, solar photovoltaic (PV), small hydro, geothermal, and biopower—there is a larger reserve margin, and the issues of grid reliability must be dealt with. It all comes down to cost.

The Value

- Hidden costs exist as system costs, such as “reserve margin,” “flexible procurement,” “grid reliability issues,” “inertia,” and “sustained reserves.”
- “Integration Cost Studies” were completed in the west in 2011, including in Nevada. The studies summarized and specified the cost per megawatt to integrate intermittence, so integration costs are not valued and are a hidden cost.
- Geothermal has hidden attributes that are not valued and is an asset to business in Nevada because of renewable energy credits.

The Future—Critical Drivers for Nevada

- There must be access to resources; permitting of plants; transmission of energy, which the One Nevada Transmission Line (ON Line) proved to be extremely important to Nevada; and a market.
- Most issues with resource leasing, permitting, and transmissions are solved, but the RPS demand is currently “flat.” However, because of S.B. 123, it does not matter; the legislation provides a market for renewable energy to move forward.

“Take Aways”

- It is important to establish a proper valuation mechanism for geothermal ancillary and flexibility benefits. Resource diversity must be valued. Fossil fuels are volatile, but geothermal is a firmly flexible and valuable piece of the “energy puzzle.”

PRESENTATION AND DISCUSSION ON THE LOWER INCOME SOLAR ENERGY PILOT PROGRAM PURSUANT TO *NEVADA REVISED STATUTES 704.786*

- Judy Stokey, Vice President, Government and Community Relations, NV Energy, introduced John Hargrove, Manager, Energy Efficiency and Conservation, NV Energy, noting he would speak to this agenda item, and she shared that Mr. Hargrove is in charge of NV Energy’s solar renewable generation program.
- Mr. Hargrove presented a slide presentation ([Exhibit M](#)) regarding the Lower Income Solar Energy Pilot Program pursuant to NRS 704.786.

Highlights of Mr. Hargrove’s testimony include:

- NRS 704.786 requires NV Energy to construct 1-megawatt low-income projects in its north and south service territory focused primarily on homeless shelters, low-income housing developments, and schools with significant populations of low-income students.
- NV Energy submitted its plan to the PUCN in February of 2014 to construct 2 megawatts of solar across the State, 1 megawatt in the north and 1 megawatt in the south, with the final decision for the north and south projects focusing on Title 1 schools with the utility owning and maintaining the systems for the life of the projects.
- After suggestions from the PUCN and stakeholders, NV Energy modified the proposal to reduce the original proposed capacity to 1 megawatt of PV systems—50 kilowatts in the north and 50 kilowatts in the south.
- Importantly, the savings from the projects were assigned directly to the school where the project is being developed.
- The PUCN ordered that the cost of the projects and the production of solar energy under the projects is applied toward the State’s mandated goals—the spending cap and the capacity goal of the renewable generation programs.
- An agreement will be established with the school districts to govern, operate, and own their systems for the life of the project as required by the PUCN.

- Varied competitive bids will be noticed by the end of 2014 so small and large contractors have an opportunity to submit a bid for the projects.
- A stakeholder group will be convened to assist NV Energy in creating an implementation plan for the best type of projects and the best sites for the remaining pilot projects.
- Projects must benefit the lower income populations that the facilities will serve.

In closing, Mr. Hargrove said the PUCN's order was to convene a stakeholder group within 60 days of the approved order; the order was approved on June 30, 2014.

- Tony Green, Property Asset Manager, Nevada Rural Housing Authority (NRHA), provided a brief history of the NRHA and addressed the following issues during his testimony:
 - NRHA agencies work in real estate development to approve low-income properties for renewable energy improvements.
 - The NRHA incorporates renewable energy in its new construction as well as in retrofitting existing properties.
 - The NV Energy Lower Income Solar Energy Pilot Program complements the NRHA's mission-driven work.

Continuing his remarks, Mr. Green opined that NV Energy's implementation of the Lower Income Solar Energy Pilot Program as contained in NRS 704.786 has ruled out NRHA's participation in the program. He declared NV Energy's program does not serve low-income housing developments or homeless shelters, but only Title 1 schools. Mr. Green averred NRHA is concerned that the NV Energy program does not address the legal requirements in the legislative intent of NRS 704.786.

In closing, Mr. Green asserted action is needed in the upcoming session to ensure the continuity of the Lower Income Solar Energy Pilot Program, since it is scheduled to end in 2016 and the Legislature will not convene again until 2017. (Please see [Exhibit N.](#))

PRESENTATION ON FINANCING FOR ENERGY PROJECTS

- Michael Crowe, Chairman, Nevada Sustainable Energy Coalition (NSEC), explained that NSEC is a broad, statewide nonpartisan coalition of many businesses and organizations with a specific mission to support policies and encourage investments in businesses throughout the State in order to advance energy efficiency and renewable energy. Mr. Crowe shared, in May 2014, NSEC held its second annual legislative forum and outlined the Coalition's agenda. Policy ideas were identified and prioritized

at the forum with PACE (Property Assessed Clean Energy) legislation being identified as a top priority.

- Tim Farkas, Finance Manager, Ameresco, Inc., discussed a slide presentation regarding the PACE program ([Exhibit O](#)). Highlights of Mr. Farkas's discussion include:
 - PACE assists with financing energy efficiency and renewable energy and provides direct benefits to the program's clients.
 - The PACE program is targeted as an addition to special improvement district (SID) legislation, but in a restricted manner.
 - Last session S.B. 250 ([Exhibit P](#)) was put forth relative to energy efficiency improvement or renewable energy projects, but it did not pass. Taking this issue up again, BDR 22-60 is in place for consideration by the 2015 Legislature.
 - Currently, the PACE program is only for commercial projects in Nevada and potentially for residential projects in the future.
 - Security for investors of PACE loans is a lien on the property utilizing the loan; there is no municipal backing of PACE loans.
 - The only involvement by government in the PACE program is addressed in Chapter 271 ("Local Improvements") of NRS, because the municipality must recognize the lien on the property that will benefit from a PACE loan.

PRESENTATION ON THE U.S. DEPARTMENT OF ENERGY'S REPORT, *THE WATER-ENERGY NEXUS: CHALLENGE AND OPPORTUNITIES*

- Monica Brett, Grant Administrator, Energy Education Partner, U.S. Department of Energy (DOE), offered introductory comments and requested the Legislature form a committee on water. She opined that such a committee would demonstrate Nevada's commitment to developing a strategy for research and development on a water-energy nexus.
- Vincent C. Tidwell, Ph.D., Distinguished Member of the Technical Staff, Earth Systems Analysis, Sandia National Laboratories, offered a slide presentation ([Exhibit Q](#)) regarding the DOE's report titled *The Water-Energy Nexus: Challenge and Opportunities*. Dr. Tidwell explained that Sandia National Laboratories is a multi-program laboratory owned by the DOE but is managed by Sandia Corporation for the National Nuclear Security Administration. He said an important area of the Laboratories' work is focused on energy, particularly in securing and developing sustainable solutions for the nation's future energy supplies.

Dr. Tidwell discussed the following trust areas that Sandia Laboratories addresses when it comes to energy: (1) stationary power (e.g., research on wind and solar energy); (2) conventional energy (e.g., natural gas, coal); (3) climate and earth systems (e.g., energy and water); and (4) transportation energy (e.g., combustion research and the infrastructure around the transportation energy area).

Highlights of Dr. Tidwell's presentation:

- The water-energy nexus report was released in late June of 2014.
- The purpose of the report is to provide a foundation for developing an integrated program in energy and water at the DOE.
- Energy and water are intricately connected.
- The largest user of water in the United States is thermoelectric power.
- Consumptive use of water is water taken from an aquifer or river that evaporates.
- Less than 1 percent of all water consumption in Nevada is directed to the energy sector.
- The energy-water nexus also involves national issues between energy, water, and climate occurring across the United States.

Dr. Tidwell listed the six major strategic pillars that resulted from the process of creating the report:

1. Optimize freshwater efficiency for energy production, electricity generation, and NU systems;
2. Use technology to improve energy efficiency in homes as well as throughout industries;
3. Assure energy efficiency in water management, water treatment distribution, et cetera;
4. Increase safe and productive use of nontraditional water sources;
5. Be considerate of water quality systems, seismic impacts, and other impacts of energy on the environment; and
6. Recognize opportunities of synergies between water and energy systems.

Concluding his testimony, Dr. Tidwell said to accomplish the findings in the report, it will be necessary to integrate and work with other federal agencies, states, and industries by:

- Investing in new technology advances;
- Developing a technology research portfolio;

- Developing an integrated modeling and analysis platform for understanding and decision-making;
- Compiling and improving water-energy data; and
- Strengthening interactions and collaborations with diverse stakeholders.

WORK SESSION—DISCUSSION AND POSSIBLE ACTION RELATING TO:

- Energy Efficiency Resource Standard
- Utility Revenue Regulation and Decoupling
- State Financing for EnergyFit Nevada
- State Regulation of Energy Auditors
- Property Assessed Clean Energy (PACE) Financing for Commercial Market
- Chair Atkinson stated that many recommendations for BDRs were submitted to the Committee for consideration during the work session. He opened the work session by reminding the Committee members they have the opportunity to introduce any BDR, so if there is a related topic of interest not listed in the “Work Session Document” ([Exhibit B](#)), it does not prevent each member from moving forward with an energy-related BDR for possible legislation during the 2015 Session.
- Marji Paslov Thomas, Principal Research Analyst, Research Division, Legislative Counsel Bureau, presented the WSD with clarifying remarks. (Please see the first page in [Exhibit B](#).)

Recommendation No. 1 — Energy Efficiency Resource Standard

Draft a bill to require an Energy Efficiency Resource Standard (EERS) that complements the State’s Renewable Portfolio Standard (RPS) as defined in NRS 704.7821. It would establish a separate, complementary standard that provides a consistent stimulus to the energy efficiency industry. The EERS should be established at a level that would achieve a gross energy savings of 2 percent of electric utilities’ prior year sales starting in 2018, with a phase-in starting at 1.5 percent energy savings in 2016, and 1.75 percent savings in 2018. These savings should be attributable to utilities’ energy efficiency and demand-side management programs.

Proposed by Howard Geller, Executive Director, Southwest Energy Efficiency Project (SWEET), and Joe Johnson and Jane Feldman, Toiyabe Chapter Energy Task Force.

- Ms. Paslov Thomas explained the first recommendation.
- Vice Chair Kirkpatrick stated she would not support a BDR on this recommendation. She declared her support for energy efficiency; however, because of the prolific amount of e-mails she received on this matter, Vice Chair Kirkpatrick said she has reservations about setting a specific percentage and would prefer a generic amount to avoid expectations from the public.

- Chair Atkinson expressed similar reservations as expressed by Vice Chair Kirkpatrick, having also received a high-volume of electronic mail from members of the public regarding an EERS. However, respecting public sentiments on this issue, he opined the proposed BDR should move forward to be addressed by the 2015 Legislature.
- Vice Chair Kirkpatrick responded with explanatory comments noting she would support a BDR that requires an energy efficiency resource standard that complements Nevada's portfolio standard, but to avoid the pitfall of leaving her constituents with false hopes about an unobtainable percentage, any proposed legislation on an EERS would need to be broader than applying a specific percentage.
- Assemblyman Bobzien supported moving forward with a general BDR regarding an EERS and commented there is a lot of discussion that still needs to take place before any specifics on the details for such legislation could be finalized. He said it is important that energy efficiency measures move forward in the State, which is the "spirit" of the constituents' communications with Committee members.
- Chair Atkinson said he agreed with Vice Chair Kirkpatrick's concerns but stated he would support the recommendation as written.
- Senator Ford said he would be amenable to a more generic BDR as suggested by Vice Chair Kirkpatrick.
- The Committee **APPROVED THE FOLLOWING ACTION:**

VICE CHAIR KIRKPATRICK MOVED FOR A GENERIC BDR THAT WOULD REQUIRE AN ENERGY EFFICIENCY RESOURCE STANDARD THAT COMPLEMENTS THE STATE'S RENEWABLE PORTFOLIO STANDARD AS DEFINED IN NRS 704.7821. THE MOTION WAS SECONDED BY ASSEMBLYMAN BOBZIEN AND PASSED UNANIMOUSLY BY THE COMMITTEE MEMBERS PRESENT.

Recommendation No. 2 — Revenue Regulation and Decoupling

Draft a bill to require the decoupling of investor-owned electric utilities energy sales from the recovery of revenues approved by the Public Utilities Commission of Nevada. A decoupling policy should include a provision for a performance-based financial incentive to utilities in proportion to their achieving specific energy efficiency goals such as the levels established in an EERS. The financial incentive should be based on a "sliding scale" in order to reward performance and make energy efficiency a win-win proposition for both utilities and their customers. No financial incentive would be granted unless the utilities are meeting the EERS.

Proposed by Howard Geller, Executive Director, SWEEP, and Joe Johnson and Jane Feldman, Toiyabe Chapter Energy Task Force.

- Ms. Paslov Thomas explained the second recommendation.
- Senator Ford shared he had heard only opposition to this proposal, so those advocating for BDRs need to communicate with each member of the Committee. Therefore, Senator Ford declared he would not support passage of this recommendation.
- Senator Roberson said he too was not contacted regarding this proposal and supports Senator Ford's sentiments.
- Assemblyman Bobzien offered, rather than having a split vote on the second recommendation, he would submit a Committee BDR so revenue regulation and decoupling can be considered during the upcoming session.
- The Committee did not take action on this recommendation.

Recommendation No. 3 — State Financing for EnergyFit Nevada

Draft a bill to require that a portion of the Renewable Energy Account (NRS 701A.450) be allocated to the Home Performance with ENERGY STAR Program in Nevada.

Proposed by Lauren Boitel, Executive Director, EnergyFit Nevada.

- Ms. Paslov Thomas explained the third recommendation.
- Vice Chair Kirkpatrick said this proposal is premature in that there are other priorities to fund in the State. She acknowledged the benefits that the Home Performance with ENERGY STAR Program provides and would support some funding for it if greater-than-expected revenues are realized in the future.
- The Committee did not take action on this recommendation.

Recommendation No. 4 — State Regulation of Energy Auditors

Draft a bill to amend Chapter 645D of NRS, "Inspectors of Structures and Energy Auditors," to allow a contractor licensed by the State Contractors' Board, who is also licensed as an energy auditor, to prepare a bid for any improvements based on the energy audit report and perform such work.

Proposed by Mary Winston, President, Energy Masters.

- Ms. Paslov Thomas explained the fourth recommendation.
- Vice Chair Kirkpatrick expressed support for the fourth recommendation; however, she declared there is an opportunity to work with the Real Estate Division as well as the Office of Energy to fine-tune the details in the BDR. Concluding her comments on this

recommendation, Vice Chair Kirkpatrick disclosed that she and Assemblywoman Teresa Benitez-Thompson are proposing a BDR regarding State regulation of Energy Auditors, so having two BDRs on the same subject may be helpful.

- The Committee **APPROVED THE FOLLOWING ACTION:**

VICE CHAIR KIRKPATRICK MOVED TO DRAFT A BILL TO AMEND CHAPTER 645D (“INSPECTORS OF STRUCTURES AND ENERGY AUDITORS”) OF NRS TO ALLOW A CONTRACTOR LICENSED BY THE STATE CONTRACTORS’ BOARD, WHO IS ALSO LICENSED AS AN ENERGY AUDITOR, TO PREPARE A BID FOR ANY IMPROVEMENTS BASED ON THE ENERGY AUDIT REPORT AND PERFORM SUCH WORK. THE MOTION WAS SECONDED BY SENATOR FORD AND PASSED UNANIMOUSLY BY THE COMMITTEE MEMBERS PRESENT.

Recommendation No. 5 — PACE Financing for Commercial Market

Draft a bill that is complementary to the existing PACE legislation established pursuant to Senate Bill 358 (Chapter 321, *Statutes of Nevada 2009*) that would create financing procedures for commercial projects. Investors in the commercial market would be responsible for the PACE loans via a property tax assessment. This would include the following:

- a. Create an Energy Trust/Green Bank, which is an independent, nonprofit organization designed to fund projects that will enable utility customers to benefit from saving energy and generating renewable energy via PACE legislation; and
- b. Allocate 150 megawatts for Rooftop Solar, also referred to as Distributed Generation, in both the residential and commercial sectors.

Proposed by Michael Crowe, Chairman, Nevada Sustainable Energy Coalition.

- Ms. Paslov Thomas explained the fifth recommendation.
- Chair Atkinson noted this recommendation is not without controversy; however, he opined having investors in the commercial market responsible for PACE loans via property tax assessments in Nevada should be explored during the next session as it is difficult to find financing for clean energy projects and PACE is a resource currently available.
- Vice Chair Kirkpatrick expressed reservations regarding this recommendation. However, she stated she may support it during the 2015 Session after hearing testimony in favor of PACE financing for the commercial market.

- Senator Ford stated he was inclined to support this BDR proposal but recollected earlier discussions about the PACE program were for the residential market.
- Vice Chair Kirkpatrick confirmed that the residential market was discussed at previous meetings of the Legislative Committee on Energy during the 2013–2014 Interim. She pointed out that several legislative measures that would enable utility customers to benefit from saving energy and generating renewable energy have been proposed during previous legislative sessions. Vice Chair Kirkpatrick said BDRs are intended to allow for discussions on matters being proposed during sessions; therefore, she would be willing to discuss this matter for its potential benefits to her constituents.
- Senator Ford agreed that BDRs are meant to begin discussions on proposed legislation; therefore, he would support the passage of the fifth recommendation.
- Assemblyman Bobzien proposed that Recommendation No. 5 should only include subpart “a” that addresses the PACE program and not include subpart “b” dealing with distributive generation at this point.
- The Committee **APPROVED THE FOLLOWING ACTION:**

ASSEMBLYMAN BOBZIEN MOVED TO DRAFT A BILL THAT IS COMPLEMENTARY TO THE EXISTING PACE LEGISLATION ESTABLISHED PURSUANT TO S.B. 358 (CHAPTER 321, *STATUTES OF NEVADA 2009*) THAT WOULD CREATE FINANCING PROCEDURES FOR COMMERCIAL PROJECTS. INVESTORS IN THE COMMERCIAL MARKET WOULD BE RESPONSIBLE FOR THE PACE LOANS VIA A PROPERTY TAX ASSESSMENT THAT WOULD INCLUDE CREATING AN ENERGY TRUST/GREEN BANK, WHICH IS AN INDEPENDENT, NONPROFIT ORGANIZATION DESIGNED TO FUND PROJECTS THAT WILL ENABLE UTILITY CUSTOMERS TO BENEFIT FROM SAVING ENERGY AND GENERATING RENEWABLE ENERGY VIA PACE LEGISLATION. ASSEMBLYMAN BOBZIEN’S MOTION INCLUDED THE ELIMINATION OF PART B OF RECOMMENDATION NO. 5. THE MOTION WAS SECONDED BY VICE CHAIR KIRKPATRICK AND PASSED UNANIMOUSLY BY THE COMMITTEE MEMBERS PRESENT.

PUBLIC COMMENT

- Robert Tretiak, President, International Energy Corporation, Las Vegas, testified he worked on legislation during Nevada’s 2005 Session that became A.B. 3 (Chapter 2, *Statutes of Nevada, 22nd Special Session*), which incorporated energy efficiency as a component into Nevada’s renewable portfolio standard. Mr. Tretiak commended the Committee for moving the energy efficiency resource standard forward and opined he has always held that energy efficiency should have its own resource standard. He said that, in 2005, Nevada was leading the nation in energy efficiency. However, he

averred other states have since taken the lead, and Nevada should seize the opportunity and once again become the nation's leader in this field.

- Les Lazareck, Owner, Home Energy Connection, Las Vegas, acknowledged the lack of funding in Nevada for energy efficiency programs. He expressed concern over the millions of dollars already invested by the State to create a workforce for green energy jobs, which could result in an exodus of these skilled workers leaving Nevada. Mr. Lazareck said the energy auditing licensing program is still being funded with State dollars and asked that funding sources be found to continue similar programs that increase employment, boost consumer spending through energy savings, improve residential safety, and reduce health care costs. He voiced agreement with Mr. Tretiak's encouragement to bring Nevada back into a leading role for developing and promoting energy efficiency in the nation.
- Vice Chair Kirkpatrick confirmed the energy auditor licensing program as established in Chapter 645D of NRS is still active and stressed, for the record, that the program will not be eliminated. She expressed her frustration in communicating the hard choices that must be prioritized in the State's budget when there are critical needs to fund such as education and assistance to senior citizens. Additionally, Vice Chair Kirkpatrick fervently emphasized that Nevada is moving forward in the areas of energy efficiency and renewable energy, but with the realization that there are difficult choices to make when funds are limited.
- Tim Farkas, previously identified, clarified that PACE is budget neutral (i.e., it has no fiscal impact).
- Tom Polikalas, Nevada representative, SWEEP, thanked the Committee for considering the concepts SWEEP advanced in its recommendations, and he apologized to Senator Ford and Senator Roberson for his oversight in not communicating with them regarding the revenue regulation and decoupling issue as conveyed in Recommendation No. 2 in the WSD. Continuing with his remarks, Mr. Polikalas praised NV Energy for its programs that are helping Nevada's consumers save energy in their homes and money on their utility bills. He noted the concept of decoupling is meant to begin the conversation at the next legislative session on how to reward NV Energy for its investments and keep providing the company with incentives that help consumers continue to save energy dollars.

Gail J. Anderson, Administrator, Real Estate Division, Department of Business and Industry, did not speak under public comment, rather she submitted written comments. (Please see [Exhibit R.](#))

Prior to the meeting, a letter was submitted, dated July 22, 2014, to Ms. Lauren Boitel, Executive Director, EnergyFit Nevada, from Paul A. Thomsen, Director, Office of Energy, Office of the Governor, regarding a public records request from Ms. Boitel for a summary of the programs that are funded by NRS 701A.450. (Please see [Exhibit S.](#))

ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 12:04 p.m.

Respectfully submitted,

Gayle Nadeau
Senior Research Secretary

Marji Paslov Thomas
Principal Research Analyst

APPROVED BY:

Senator Kelvin Atkinson, Chair

Date: _____

LIST OF EXHIBITS

[Exhibit A](#) is the “Meeting Notice and Agenda,” provided by Marji Paslov Thomas, Principal Research Analyst, Research Division, Legislative Counsel Bureau (LCB).

[Exhibit B](#) is the “Work Session Document,” provided by Marji Paslov Thomas, Principal Research Analyst, Research Division, LCB.

[Exhibit C](#) is the written public comments of Ardelle Bellman, private citizen, Las Vegas, Nevada, provided by Ms. Bellman.

[Exhibit D](#) is the prepared comments of Janette Dean, private citizen, Washoe Valley, Nevada, provided by Ms. Dean.

[Exhibit E](#) consists of a petition cover letter and nine pages of citizens supporting energy efficiency in Nevada, provided by Elspeth DiMarzio, Sierra Club representative, Las Vegas, Nevada.

[Exhibit F](#) is the prepared public comments of Kevin Dick, President, EnergyFit Nevada, Reno, Nevada, provided by Mr. Dick.

[Exhibit G](#) is a document titled “Comments by Energy Masters in Support of Work Session Document Item #4 (Regulation of State Energy Auditors),” provided by Lesley Greninger, Home Comfort Specialist, Energy Master, Reno, Nevada.

[Exhibit H](#) is the written testimony of Neal Van Citters, Quality Assurance Director, EnergyFit Nevada, Reno.

[Exhibit I](#) is the prepared remarks of Fred Voltz, private citizen, Carson City, submitted by Mr. Voltz.

[Exhibit J](#) is a slide presentation titled “PUCN, Public Utilities Commission of Nevada, Presentation to the Legislative Committee on Energy, July 25, 2014, Overview,” provided by Anne-Marie Cuneo, Director of Regulatory Operations, PUCN.

[Exhibit K](#) is a slide presentation titled “Got geothermal? Its Place in a Changing Energy Market,” provided by Bob Sullivan, Senior Vice President, Business Development, Ormat Technologies, Inc.

[Exhibit L](#) is a document titled “The Value of Geothermal in Nevada’s Changing Energy Market,” provided by Bob Sullivan, Senior Vice President, Business Development, Ormat Technologies, Inc.

[Exhibit M](#) is a slide presentation titled “Lower Income Solar Energy Pilot Program,” provided by John Hargrove, Manager, Energy Efficiency and Conservation, NV Energy.

[Exhibit N](#) is the prepared testimony of Tony Green, Property Asset Manager, Nevada Rural Housing Authority, provided by Mr. Green.

[Exhibit O](#) is a slide presentation titled “Property Assessed Clean Energy,” provided by Tim Farkas, Finance Manager, Ameresco, Inc.

[Exhibit P](#) is a copy of Senate Bill 250 put forth for consideration during the 2013 Legislative Session, provided by Tim Farkas, Finance Manager, Ameresco, Inc.

[Exhibit Q](#) is a slide presentation titled “Water-Energy Nexus and the U.S. Department of Energy,” provided by Vincent C. Tidwell, Ph.D., Distinguished Member of the Technical Staff, Earth Systems Analysis, Sandia National Laboratories.

[Exhibit R](#) is a memorandum to The Honorable Kelvin Atkinson, Chair, Legislative Committee on Energy (LCE), and Speaker Marilyn Kirkpatrick, Vice Chair, LCE, from Gail J. Anderson, Administrator, Real Estate Division, Department of Business and Industry, regarding State Regulation of Energy Auditors, provided by Ms. Anderson.

[Exhibit S](#) is a letter dated July 22, 2014, to Ms. Lauren Boitel, Executive Director, EnergyFit Nevada, from Paul A. Thomsen, Director, Office of Energy, Office of the Governor.

This set of “Summary Minutes and Action Report” is supplied as an informational service. Exhibits in electronic format may not be complete. Copies of the complete exhibits and other materials distributed at the meeting are on file in the Research Library of the Legislative Counsel Bureau, Carson City, Nevada. You may contact the Library online at www.leg.state.nv.us/lcb/research/library/feedbackmail.cfm or telephone: 775/684-6827.